

## Message Text

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FM AMCONSUL JOHANNESBURG

TO SECSTATE WASHDC 4890

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMEMBASSY PRETORIA

UNCLAS JOHANNESBURG 1168

E.O. 11652: N/A

TAGS: ELAB SF

SUBJ: BLACK UNEMPLOYMENT IN SOUTH AFRICA

1. ACCORDING TO CURRENT FINANCIAL MAIL, QUOTING MAINLY FROM STUDY PREPARED BY SOUTH AFRICAN LABOR AND DEVELOPMENT RESEARCH UNIT OF UNIVERSITY OF CAPE TOWN, BLACK UNEMPLOYMENT IN SOUTH AFRICA IS PRESENTLY GROWING AT A RATE OF 22,000 PER MONTH AND PROBABLY WILL REACH A TOTAL OF TWO MILLION (20 PERCENT) BY THE END OF 1976. STUDY BELIEVES THIS SHARP RISE IN BLACK UNEMPLOYMENT IS PRIMARILY RESULT OF GENERAL SLOWDOWN IN ECONOMIC GROWTH RATE AND CONCOMITANT SLACKENING IN RATE OF NEW JOB CREATION. STUD ALSO ADMITS TO A POSSIBLE DISTORTION OF ITS FIGURES THROUGH DIFFICULTY IN MEASURING UNEMPLOYMENT/UNDEREMPLOYMENT IN AGRICULTURE IN HOMELANDS.

2. FIGURES IN STUDY ARE CONSIDERABLY HIGHER THAN CURRENT GOVERNMENT ESTIMATES AND AUTHOR OF STUDY BELIEVES ECONOMIC DEVELOPMENT PLAN ESTIMATES AND PROJECTIONS PUBLISHED BY GOVERNMENT GREATLY OVERESTIMATE EMPLOYMENT IN AGRICULTURE, BUT ADDS THERE IS NO WAY TO MEASURE NUMBER OF AFRICANS ABLE TO EKE OUT BARE SUBSISTENCE FROM SEASONAL OR OCCASIONAL JOBS AT VERY LOW INCOMES. STUDY ALSO ESTIMATES BLACK UNEMPLOYMENT WILL CONTINUE TO GROW IN 1977 AND WILL FALL ONLY marginally

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IN PERIOD THROUGH 1979. ECONOMIC DEVELOPMENT PLAN ESTIMATES

PUT AFRICAN UNEMPLOYMENT AT ONLY 314,000 BY SAME DATE.

3. STUDY ESTIMATES GROWTH RATES FOR ECONOMY AT 5 PERCENT IN OUY AND 1977, PROJECTS 9 PERCENT FOR 1978 AND 7 PERCENT FOR 1979. IT SAYS GROWTH RATE OF 7 PERCENT IS NECESSARY MERELY TO STABILIZE UNEMPLOYMENT, A RATE WHICH IT SAYS IS ONLY ACHIEVED DURING BUSINESS CYCLE UPSWINGS.

4. STUDY POINTS OUT GOVERNMENT DOES NOT FIND SUCH HIGH UNEMPLOYMENT FIGURES "UNMANAGEABLE" BECAUSE "INFLUX CONTROL REMOVES THE MANIFESTATION OF THE PROBLEM FROM THE PRINCIPAL URBAN AREAS TO THE BANTUSTANS." FINANCIAL MAIL GOES STEP FURTHER AND CITES LACK OF BLACK VOLITICAL POWER AS ANOTHER REASON GOVERNMENT CAN IGNORE PROBLEM.

5. FINALLY, STUDY SUGGESTS THAT IN ADDITION TO INCREASING GROWTH RATE, SEVERAL OTHER STEPS SHOULD BE TAKEN TO ALLEVIATE PROBLEM. THESE INCLUDE (1) ABOLISHING RESTRICTIONS ON AFRICAN EMPLOYMENT UNDER ENVIRONMENT PLANNING ACT; (2) REMOVING PROVISION IN INDUSTRIAL CONCILIATION ACT WHICH EFFECTIVELY ALLOWS TRADE UNIONS TO PLACE RATION LIMITATIONS ON EMPLOYMENT OF AFRICANS; (3) ABANDONING TME INDUSTRIAL COLOR BAR, WHICH RESULTS IN AFRICAN UNEMPLOYMENT SIDE BY SIDE WITH UNFILLED VACANCIES IN JOBS RESERVED FOR WHITES; (4) REMOVING THE CONSTRAINT UPON GROWTH ARISING FROM SKILL SHORTAGES BY PROVIDING MORE TRAINING; (5) DISCOURAGING LABOR- SAVING PRODUCTIVITY GROWTH - E.G. REPLACEMENT OF MEN BX MACHINES; (6) VROMOTING CAPITAL- SAVING PRODUCTIVITY GROWTH (WHERE BETTER ORGANIZATION, FOR EXAMPLE, CAN REDUCE THE CAPITAL-LABOR RATIO), PROVIDING THE CAPITAL THUS RELEASED CAN FIND ALTERNATIVE EMPLOYMENT AND GENERATE MORE JOBS; AND (7) DEVELOPING A RANGE OF PROJECTS BENEFITING THE POOR, FOR EXAMPLE, URBAN HOUSING, EXPANSION OF ROAD NETWORK, WHICH WOULD ALSO PROVIDE MORE JOBS.

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